



5 Reasons Work Requirements in Medicaid Won't Work

Introduction: The U.S. Department of Health and Human Services (HHS) and Centers for Medicare & Medicaid Services (CMS) recently published a letter to state Medicaid directors announcing they will allow work requirements in Medicaid. Kentucky also recently became the first state to impose work requirements on enrollees of the Kentucky HEALTH 1115 waiver demonstration. But evidence suggests that work requirements in Medicaid would be both ineffective - and potentially even counterproductive - at promoting work, detrimental to enrollees' health, and could also impose a significant bureaucratic burden on states.

1. Most Medicaid enrollees who can work, do work

Research shows that most people with Medicaid who can work do so, and for people who face major obstacles to employment, harsh requirements such as limiting their eligibility will not help overcome them. Nearly 8 in 10 non-disabled adults with Medicaid coverage live in working families, and nearly 60 percent are working themselves.¹ Of those not working, more than one-third reported that illness or a disability was the primary reason, 28 percent reported that they were taking care of home or family, and 18 percent were in school.²

2. Work requirements don't increase employment

Several studies of work requirement policies in the Temporary Assistance for Needy Families (TANF) program concluded that work requirements did not significantly increase employment among program recipients. Rather, a review of the employment status of TANF enrollees over five years revealed that the percent of employed individuals was the same in year one as it was in year five – 63 percent.³ In another study of 13 TANF programs from 1996-2000, only two of the 13 programs were found to have significantly reduced the share of families living in poverty.⁴ States that truly want to help individuals gain and maintain jobs could better spend their resources on policies that have been shown to be more effective at increasing employment. For example, voluntary job-support and training programs have been shown to increase employment more than mandatory work programs.⁵ In contrast to TANF recipients subject to work requirements, whose earnings declined over time, the earnings of enrollees in voluntary programs grew over time.⁶

¹ Rachel Garfield, Robin Rudowitz, Anthony Damico, *Understanding the Intersection of Medicaid and Work*, Kaiser Family Foundation, February 2017, <http://kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work>

² Ibid.

³ Center on Budget and Policy Priorities; *Policy Basics: An Introduction to TANF*, June 2016, <https://www.cbpp.org/research/policy-basics-an-introduction-to-tanf>

⁴ Jeffrey Grogger, Lynn A. Karoly, Jacob Alex Klerman; *Consequences of Welfare Reform: A Research Synthesis*, RAND, July 2002, https://www.acf.hhs.gov/sites/default/files/opre/consequences_of_welfare_reform.pdf

⁵ James A. Riccio, *Sustained Earnings Gains for Residents in a Public Housing Jobs Program: Seven-Year Findings from the Jobs-Plus Demonstration*, Manpower Demonstration Research Corporation, January 2010, https://www.mdrc.org/sites/default/files/policybrief_33.pdf. See also LaDonna Pavetti, *Work Requirements Don't Cut Poverty, Evidence Shows*, Center on Budget and Policy Priorities, June 2016, https://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows#_ftnref25

⁶ Ibid.

3. Work requirements cause individuals to lose coverage - including those who are working or eligible for an exemption

Work requirements impose complex administrative requirements on individuals to prove they are working or eligible for an exemption, and instituting this type of red tape poses a barrier to coverage and care. In fact, rather than disenrolling from TANF or SNAP due to experiencing an income increase from newly-found employment or even because of failure to work, many recipients disenrolled because they failed to meet the proper paperwork requirements.⁷ While the goal of work requirements is to encourage and increase employment, the only outcome we can predict with certainty is that they will cause individuals to lose access to necessary or life-saving medical care as a result of red tape.

4. Work requirements will increase administrative and uncompensated care costs

Identifying and tracking whether Medicaid enrollees are working, or qualify for an exemption, will require upfront and ongoing investments from the state to set up the processes, technological infrastructure, staffing and other elements needed.⁸ Individuals who fail to submit proper and timely documentation will lose coverage, but if and when these individuals need medical care, their only option will be to seek it from costly emergency room departments, driving up uncompensated care costs.⁹

5. Taking coverage away from people will harm their employability

Medicaid already helps enrollees gain and maintain employment¹⁰ by increasing access to care and improving health outcomes. Individuals who are healthy are more likely to work. Illness and disability are among the primary reasons working-age adults are not employed. Enrollment in health coverage has been shown to be a significant factor in helping individuals find jobs. For example, after Ohio expanded Medicaid, over 75 percent of enrollees looking for work stated having health coverage aided their job search because it helped them receive treatment for chronic conditions.¹¹ By taking health coverage away from those who aren't working or who fail to meet the paperwork requirements, work requirements will make it harder for individuals to gain and sustain employment. Unfortunately, this issue will be more pronounced in the majority of non-expansion states, where individuals who try to comply with a work requirement will earn too much for Medicaid but not enough to qualify for tax credits in the marketplace. In these states, complying with work requirements will cause many to fall into the coverage gap and lose their coverage.¹²

⁷ Ohio Association of Foodbanks, *A Comprehensive Assessment of Able-Bodied Adults without Dependents and their Participation in the Work Experience Program in Franklin County, Ohio*, Report 2014, <http://admin.ohiofoodbanks.org/uploads/news/WEP-2013-2014-report.pdf>.

⁸ MaryBeth Musumeci, Julia Zur, *Medicaid Enrollees and Work Requirements: Lessons From the TANF Experience*, Kaiser Family Foundation, August 2017, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollees-and-work-requirements-lessons-from-the-tanf-experience>. See also MACPAC, *Work as a Condition of Medicaid Eligibility: Key Take-Aways from TANF*, October 2017, <https://www.macpac.gov/wp-content/uploads/2017/10/Work-as-a-Condition-of-Medicaid-Eligibility-Key-Take-Aways-from-TANF.pdf>

⁹ David Dranove, Craig Garthwaite, and Christopher Ody, *The Impact of the ACA's Medicaid Expansion on Hospitals' Uncompensated Care Burden and the Potential Effects of Repeal*, The Commonwealth Fund, May 2017, <http://www.commonwealthfund.org/publications/issue-briefs/2017/may/aca-medicare-expansion-hospital-uncompensated-care>

¹⁰ Jessica Gehr, Suzanne Wickle, *The Evidence Builds: Access to Medicaid Helps People Work*, Center for Law and Social Policy, March 2017, <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/The-Evidence-Builds-Access-to-Medicaid-Helps-People-Work.pdf>

¹¹ Ibid.

¹² Community Catalyst, *Work Requirements: A One-Way Ticket to the Coverage Gap*, January 2018, <https://www.communitycatalyst.org/resources/publications/document/2018/Community-Catalyst-Work-Requirements-and-Medicaid-Eligibility-in-Non-Expansion-States-Analysis.pdf>

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